some we don't admit. We find it extremely reluctant to admit that the North-Eastern States are as good as gone to us. It is a harsh reality, but this is exactly what is happening. Is there a way out? My friend Shri Chaliha said about what is happening there. Similarly, now what is happening? You are attacking the Panchayat accounts. Who gets the Panchayat money? The poor. Some would interpret it that this urban crowd has not liked the experiment that has been going on in West Bengal over the last two years with the fair deal to the nation, to the country's poor, to the States' poor which is why they are making this hoarse cry about nepotism in Panchayat funds. Once again I can only appeal, please! This is a very delicate matter and just for gaining some political advantage let us not do something vdiich corrodes the eore of our polity. This is all I wanted to say.

ANNOUNCEMENT RE. COAST-GUARD (AMENDMENT) BILL, 1996

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): Thank you, Dr. Ashok Mitra. Before the hon. Minister, Shri Yerrannaidu replies to the debate, I haye as- announcement to make. The hon. Minister of State for Defence is ,bere. I have to inform Members that on 4th August, 1997, a motion regarding reference of the Coast-Guard (Amendment) Bill, 1996 to a Select Committee of the Rajya Sabha was adopted by the House.

The names of Members nominated to the said Committee are as follow :

Shri John F. Fernandes—*Chairman*

Shri Surinder Kumar Singla

Shri K. Rahman Khan

Smt. Veena Verma

Shri Anantray Devshanker Dave

Shri O. Rajagopal

Shri Wasim Ahmad

Shri Ram Deo Bhandari

Shri S. Ramachandran Pillai

Shri Solipeta Ramachandra Reddy

Shri Ish Dutt Yadav

Shri N. Thalavai Sundaram

Shri Gurudas Das Gupta

Shri Satish Pradhan

Shri P. Soundararajan

The Committee may submit its report by the first day of the next Session of the Rajya Sabha.

CALLING ATTENTION TO A MATTER OF URGENT PUBLIC IMPORTANCE

Diversion of funds to the tune of Rs. 4,500 crores to Personal Ledger Account by West Bengal Government—Could.

THE MINISTER OF RURAL AREAS AND EMPLOYMENT (SHRI K. YERRANNAIDU): Thank you, Mr. Vice-Chairman, Sir, I have carefully heard the speeches made and the questions for clarification raised by hon. Members. This is the first Calling Attention'Motion for me as Minister of Rural Areas and Employment.

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): I am sure, in the meantime you have covered many points. Try to be precise .and brief.

SHRI K. YERRANNAIDU: First of all, I want to clarify the point raised by some hon. Members quoting newspaper which put the figure at Rs. 5,500 crores and the concerned Member said, Rs. 4,500 crores. Since the inception of this Ministry, 1985-86 to 1996-97, under the Jawahar Rozgar Yojana, Rs. 1450 crores were released to the West Bengal Government. Under Employment Assurance Scheme which the then Government introduced, from the year 1993-94 till 1996-97, West Bengal's share was Rs. 311 crores. These are the figures since its inception. So, we are discussing about the Jawahar Rozgar Yojana and EAS. With regard to the CAG's report I

wanted to clarify. Some newspapers have mentioned Rs. 5,500 crores and the Members here are putting it at Rs. 4,500 crores. Regarding audit reports, there are two types. We are discussing about the West Bengal CAG's report. Practically that is the property of the Legislature. We will discuss about our reports. But, anyhow, the hon. Chairman admitted it, I said that it is *sub-judice.* We discussed it in this House. This is not the final thing. Sir, you are also art ex-Comptroller and Auditor General.

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): I have explained my position. If you have to make a reference to me as an ex-CAG, you will have to pay me a consultation fee for confirming your view point of otherwise, if rules permit.

SHRI K. YERRANNAIDU: Whatever may be, it is not final with regard to West Bengal, they have submitted it to the State Governor. Internal reports are placed on the Table of the Legislature.

5.00 P.M.

Sir, the Chairman of the PAC is form the Opposition Party. With regard to things like letter, self cheques, savings bank accounts, etc., I would like to say that they are thrououghly scrutinised by the State Governments. Finally, they submit these things to us and we initiate further action. That is the procedure. If there is any diversion of funds, we will ask the concerned Department to stop releasing funds. If there is any such charge-sheet filed for any misappropriation, for this we adopt this procedure. Other Ministries have also adopted this procedure. It is not that this procedure has been adopted by our Ministry only. I have already said this in this House. Sir, this concerns all the States. It does not concern only with West Bengal. An hon. Member has raised the issue of diversion of funds. I would like to say that I accept this fact. But, I have come only 14 months ago. All these things have been going on since the time of the Congress. They had been in power for most of the time. Sir, from the Central Government we are releasing ! funds. But, where is the machinery to monitor? We have to rely on the state Government. We have to rely on the CAG. We have to rely on auditors and Chartered Accountants. If we find that there is some violation or any diversion or embezzlement, then we do not release the second instalment. First we release an *Ad hoc* instalment. An hon. Member from West Bengal was saying that the Central Government was releasing funds at the end of March. But, the problem is that we do not get utilisation certificates. It is happening in the case of most of the States. It is not happening only in the case of West Bengal. Some of them are sending the utilisation certificates in the first week of April. Even if they send it on 31st March, we will sanction ^he funds. If we release the funds in April, they should spend it by August. Sir, according to the Government rules, for a particular programme the State Government should have an opening balance of 25 per cent. But in some States elections are going oh, in some States there is rainy season and there are other such thing in some other States. So, they are not able to spend the amount given to them in a particular period. Like that we are giving 25 per cent cushion of the OB. In these programmes more than 25 per cent OBs are there. In the second instalment the State Government will lose ... *(interruptions)...*

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): Hon. Members, it is five o' clock. 1 am sure I have your permission that the House may extend till the Minister finishes. The Home Minister has been with us for the last two days. The matter is also very important. Till the discussion on Bihar ends, the House may continue. ...*(interruptions)...*After this the Leader of the Opposition will speak. Then the hon. Minister will reply.

SHRI K. YERRANNAIDU: Mr. Vice-Chairman, Sir, with regard to CAG Report whatever has been stated by an

hon. Member is completely true. But, it is not the final thing. For example, he mentioned about the Panchayat Department non-accounting and unauthorised diversion of JRY funds. In this connection the State Government of West Bengal has given a reply to the PAC. With regard to the alleged non-accounting of Rs. 42.21 crores in 24-Parganas, they have pointed out that instead of Rs. 107.28 crores, as mentioned in the CAG Report, the actual amount is Rs. 42.21 crores. With regard to 'self cheques kept in the savings bank accounts in seven different banks during the period from 1989-90 to 1995-96 for allotment to Gram Panchayats by the ZP, they have stated that it was for the purpose of disbursement to the Gram Panchayats and other implementing agencies by the Zila Parishad. The share of Gram Panchayats was 80 per cent in the JRY funds and also for implemention of other schemes. The entire amount is fully accounted for. Out of this amount a sum of Rs. 40.33 crores had actually been transferred to different Gram Panchayats through bank drafts and the remaining amount has also been fully transferred to other implementing agencies. It is not a fact that the pass books of the savings account were not produced before the audit. It is a fact that the amount was transferred from the local account of the Zila Parishad to the bank branches for disbursement to the Gram Panchayats. It was shown as expenditure in the books of the Zila Parishad. But, the point is that the same were not utilised under JRY as has wrongly been alleged by the CAG.

A utilisation report is sent by the district to the State Government and also the Government of India only after compilation of the report of actual utilisation of funds under the JRY." This is the reply given by the State Government. Moreover, the C&AG mentioned repeatedly about PLA accounts. So, actually, our funds have not been put in the PLA accounts by the Government of West Bengal. They have only put it in the Local Fund Account. Local Fund Accounts are separate, Personal Fund Accounts are separate and deposit accounts are separate. The West Bengal Government is drawing money under these three accounts. The Z.Ps. send 80% of the money to the Gram Panchayats. The Gram Panchayats put that amount in bank accounts. The C & AG pointed out that instead of putting it in banks, they have put it in the treasury and ultimately they lost the interest. That is true. We advised not only the Government of West Bengal, but all other State Governments on this. For example, except for schemes in West Bengal, Kerala, Gujarat and for the JRY Scheme in Andhra Pradesh, we are releasing funds to the respective State Governments and they are keeping the money in banks except in the case of the JRY Scheme in Andhra Pradesh. The State Government of Gujarat is putting almost the entire money in Local Fund Account or Personal Ledger Account of whatever it may be, but in turn, the Gujarat Government it giving 5% interest on the money.

DR. BIPLAB DASGUPTA: Was it before Mr. Vaghela or after Mr., Vaghela?

SHRI K. YERRANNAIDU: Yes, Gujarat is giving interest. Even is case of Kerala, we are giving money directly to each district. Some districts are putting the money in banks and some are putting it in the Local Fund Account. The same is the case with West Bengal. We advised all the State Governments. Recently, the Standing Committee of Rural Development and Urban Affairs Ministry discussed this issue elaborately. They argued that they are not following the guidelines, they are keeping these amounts in the treasury, we are not getting income, etc. In turn, we sought legal opinion and the Solicitor-General has given us his opinion. The Government of West Bengal quoted that they kept the money as per the provisions of a legislation. I would say that that

legislation is separate. They can amend those rules. We advised all the State Governments like West Bengal, Gujarat, Kerala, that our money should be kept in banks.. *(interruptions)...*

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): Mr. Minister, you must advise Mr. Dasgupta, because Gokhale said in *1905...(interruptions)...He* is bothering about all other States *...(interruptions).* ...In 1905, Gokhale said, "What Bengal thinks today, the rest of India thinks tomorrow." Here the point is, whether the rest should follow or should not follow.

SHRI K. YERRANNAIDU: Why we are giving instructions for keeping the money in banks is, the line departments, whenever there is any emergency, are facing financial problems. To avoid such kind of problems, we are advising the State Governments to keep the money in banks. We are providing all poverty alleviation programmes. We wanted to eradicate poverty. We wanted to stop migration under employment assurance scheme whenever there is a drought situation. So, for all these things funds must be made available with the line department. Suppose the State Governments put the money in the treasury, immediately there is a financial check and the money may not be available. That is a different matter. That is why, to avoid all these things, we are advising them to keep the money in banks so that as and when the line department is in need of money, it can draw immediately. So, like this, we are advising all the State Governments that the entire money must be kept with the DRDAs in turn, in banks, through this process, whenever the line department requires money, it can easily get it an control it. In West Bengal, under JRY, as per C&AG report an amonnt of Rs. 276 lakhs and under EAS, an amount of Rs. 189 lakhs reported to have been diverted for 1996. Regarding the loss of interest reported on account of lodging, I would submit that these are all test audit reports of some districts. It may be happening like this in some districts. This is the scenario. Under JRY the loss of interest during 1993—96 is, 377 lakhs; under EAS, during 1993—96 is, 37.59 lakhs. In case of Gujarat, they are keeping the amounts in Local Fund Accounts but in turn, they are paying 6% interest on this money. This money also we are utilising for the poverty alleviation programme, etc. We are only relying upon the State Governments. Recently, some hon. Members raised questions in the Lok Sabha and the Rajya Sabha asking, "Where is our State?" Based on the 73rd Amendment to the Constitution, the empowerment of the Gram Panchayats and Local Bodies... *(Interruptions)...*

SHRI VAYALAR RAVI: Sir, I wanted to seek a clarification about the figures... *(Interruptions)...*

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): Do you still think that some clarification is needed? All right, *...(Interruptions)....No,* let the Minister finish.

SHRI K. YERRANNAIDU: So, by passing the 73rd Amendment Bill we have given powers to Gram Panchayats. We have given powers in the name of 50th year of independence. But, where is the self-reliance of Gram Panchayats? Recently, we held a Chief Ministers' Conference. It was presided over by the Prime Minister. Earlier also, under the minimum basic services, a meeting was held on 3rd July in Delhi. It was presided over by the then Prime Minister, Shri Deve Gowda. In the meeting and in the Inter-State Council so many Chief Ministers expressed that we should not maintain the whole system ourselves. They questioned as to why we were giving guidelines in this regard. They suggested transfer all schemes to State Governments. All things are pending before the Inter-State Council. Based on the 73rd Amendment Act they have elected Gram Panchayats. Somebody may

be eating in the name of Gram Panchayats. I am not going into that matter. We must believe Gram Panchayats. They are elected by the People. Through them people can watch us and scrutinise us. Whatever figure I have quoted, 80 per cent of that directly goes to Gram Panchayats. They are keeping this money in banks. This 80 per cent of funds, which go directly to Gram Panchayats, are audited by the State Audit Department. For the first time in the country, the funds were also audited by the C&AG. We must appreciate these two Governments of Bihar and West Bengal for taking this step. There are no other States who are getting their Gram Panchayats funds audited by the *C&AG...{Interruptions)...*

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): Please let the Minister finish.

SHRI K. YERRANNAIDU: Where is the sanctity of the C&AG? It is a Constitutional authority. I am saying even the local funds, finance and expenditure are also audited by the C&AG. In other states there is no such procedure. There are separate auditors for the local bodies. So, this is the scenario. So, as I mentioned in the same House, there is diversification of funds not only in West Bengal, but also in Uttar Pradesh, Kerala etc. It is there everywhere. So, a consensus is required on this matter. A high-level meeting is required on this matter. This had been happening even during the tenure of the past Governments also. We have been receiving so many complaints in this regard. Whenever I receive a complaint, I refer it to the concerned State Government for taking appropriate action, and then report to the Ministry. These are the power we are having, by which we control State Governments. But the scenario differs from State to State. It is different in Jammu & Kashmir. It is different in North-Eastern States. You may ask why we are giving guidelines to control States. Suppose, there is some diversion as raised by some hon. Members, and we have given 20 per cent of the funds from the EAS and the JRY, for laying roads. And they purchased three rollers for this prupose. It cannot be asked as to why rollers were purchased.

After the reply was given in this regard by the State Government, the PAC dropped the charge. This is mentioned by the C&AG. Now, take for instance, the Million Wells Scheme, raised by an hon. Member. The West Bengal Government dug thousands of wells. They said whatever the emergency may be, their aim is to provide wages and means to the people living below the povertyline. Suppose there is an emergency to make drinking water available. That also will provide wage and means to people. If the PAC states that the diversion is not correct, we will recoup the money and then will go ahead with the programme. The PAC feels that diversion authorised diversion is a necessity *...(Interruptions)...*No. no, for that you go there and verify the facts. You are welcome. We are discussing the report of the C&AG, the figures mentioned in it. I have brought this Report with me for ready reference. Regarding this I had full information. This is the information provided by the West Bengal Government. The figures are with me. Out of Rs. 1400 crores meant for JRY, 80 per cent of the funds directly go to Gram Panchayats. So, misutilization of 20 per cent can be believed, but misutilization of Rs. 1400 crores is not believable. It was given to Gram Panchayats.

They keep it in the bank. These are the figures. *(Interruptions)*

SHRI SATISH AGARWAL: What is the total figure you mentioned? I forgot. What is the total amount that you have given to West Bengal, since the inception of this JRY or the other scheme?

SHRI K. YERRANNAIDU: Under the Employment Assurance Scheme, Rs. 311 crores, during the year 1993 to 1996. As far as the Jawahar Rozgar Yojana is

concerned—this was the scheme started by late Rajiv Gnadhi in 1989 we gave Rs. 1,400 crores.

Out of this amount, 80 per cent would go to the Gram Panchayats. Only 20 per cent would be kept by the Zilla Parishads. Recently, we changed this ratio. We said that 15 per cent would go to the intermediate Panchayat. This was after 1996. Up to 1996, the ratio was 80 : 20. The revised ratio is: 65 per cen to the Gram Panchayats, 15 per cent to the intermediate Panchayats; the balance 20 per cent would be with the Zilla Parishads. This is the position. This is what we are discussing about.

SHRI DIPANKAR MUKHERJEE: The remaining Rs. 3,100 crores have gone to the Congress.

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): Mr. Vayalar Ravi, you had some misgivings about the figures.

SHRI VAYALAR RAVI: Sir, I would like to draw your attention to the wording of the Calling-Attention Motion. It says: 'to call the attention of the Minister of Rural Areas and Employment to the diversion of funds to the tune of Rs. 4500 crores to the Personal Ledger Account by the West Bengal Government.' I had not said which fund. I had said: 'funds' not this fund alone. Mr. Basu said that the amount has been adjusted. As I pointed out earlier, during the year 1990-91, it was Rs. 1,500 odd crores. It comes to Rs. 2,615 crores. You might have given only Rs. 1,400 crores. But Rs. 2,615 crores is yet to be accounted for. Where has this money gone? This has to be adjusted. The question is one of diversion of funds. It is not a question of your money alone. My Calling-Attention Motion relates to the diversion of funds. *(Interruptions)* What about this Rs. 2,615 crores? This is c total diversion to the Personal Ledger Account. It is not your money alone. Maybe, other money also. You cannot escape by saying like this. We are not, through the Calling Attention Motion, discussing the rights of the West Bengal Legislature, or, the report of the AG of West Bengal. What we suspect is that there has been corruption. It is not a question of diversion alone. It is a question of corruption.

SHRI K. YERRANNAIDU: Sir, as I said earlier, the Jawahar Rozgar Yojana was introduced in the year 1989. Before that, there were the two schemes, *i.e.* the National Rural Employment Programme and the Rural Landless Employment Guarantee Programme. In 1989, these two schemes were merged and the new scheme was called the Jawahar Rozgar Yojana. From 1985-86 to 1988-89, under the earlier two schemes, the West Bengal Government got Rs. 112 crores and Rs. 173 crores, respectively. This comes to about Rs. 300 crores. You might have mixed these figures with the other figure.

SHRI VAYALAR RAVI: I am on the amount in the Personal Ledger Account. *(Interruptions)*

SHRI K. YERRANNAIDU: In regard to what the CAG mentioned about the Personal Ledger Account, the West Bengal Government gave the reply. They said that the Personal Ledger Account mentioned by the CAG was a mistake. They said that they keep all the money in the Local Fund Account. Personal Ledger Accounts are there. But they said that they were not for this. As far as the other aspects are concerned, in regard to the Personal Ledger Accounts, the Slate Government and the State Legislative Assembly would take care of it.

SHRI JOHN F. FERNANDES: I think the right person to respond to this would be the Finance Minister; not the Rural Areas and Employment Minister.

SHRI S. RAMACHANDRAN PILLAI: You have another chance to give notice of a Calling-Attention Motion.

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): The matter is over.

SHRI SATISH PRADHAN: Sir, one clarification I would like to seek. *(Interruptions)*

THE VICE-CHAIRMAN (SHRI TRAILOKI NATH CHATURVEDI): That matter is before the Inter-Slate Council and in consonance with our policy of empowerment of the Panchayats, we can work it out.

SHRI SATISH PRADHAN: I am asking about the bearer cheques.

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): Mr Minister, how do you justify?

SHRI SATISH PRADHAN: Would the hon. Minister clarify?

THE VICE-CHAIRMAN: Mr. Naidu, the question raised here is: how do you justify the bearer cheques even at that level?

SHRI SATISH PRADHAN: Have you given any orders?

SHRI K. YERRANNAIDU: I am not substantiating. I am not supporting. I only said what the West Bengal Government had replied. What the CAG had pointed out regarding that would come before the Public Accounts Committee. The PAC would look into it. The Chairman would look into it. They would ask: 'how have you done this; how do you substantiate?'

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): The matter would be looked into..

SHRI SATISH PRADHAN: My point is: the issue of bearer cheques is a very bad practice to follow, in the matter of public funds. Would the hon. Minister sec to it that some rule is made so that, in future, this practice is not adopted?

SHRI K. YERRANNAIDU: Yes, certainly I will look into it. Based on the clarifications sought and the views expressed regarding transparency, diversion and everything else, keeping all these things in view, I will check all these things.

उपसभाध्यक्ष (**श्री त्रिलाकी नाथ चतुर्वेदी**) : शास्त्री जी, आपको भी कुछ पूछना हैं।

श्री विष्णु कान्त शास्त्री : सर, प्राप्त सूचना के अनुसार 66 पीएल एकाउंट हैं। ... (**व्यवधान**) ...

श्री दीपांकर मुखर्जी : आप बहुत समय ले रहे हैं ... (**व्यवधान**)... होम मिनिस्टर बैठे हुए हैं ... (**व्यवधान**) ...

उपसभाध्यक्ष (**श्री त्रिलोकी नाथ चतुर्वेदी**) : उसका मुझे ध्यान हैं। ... (**व्यवधान**) ...

श्री विष्णु कान्त शास्त्री : 666 पीएल एकाउन्ट में कितना रूपया जमा हैं उसके बारे मं क्या आप बता सकते हैं? ... (**व्यवधान**) ...

उपसभाध्यक्ष (**श्री त्रिलोकी नाथ चतुर्वेदी**) : चे जवाब दें देंगे। आप लोग उनको जवाब तो देने दीजिए। ... (**व्यवधान**) ... समाप्त हो रहा हैं ... (**व्यवधान**) ...

SHRI K. YERRAN NAIDU: Mr. Vice-Chairman, Sir, the PLA accounts, the treasury transactions and everything else will be looked after by the CAG, the State Legislature and the PAC. We are not concerned about the amount they have deposited in the PLA. How can I give an answer as Minister? I have no information.

उपसभाध्यक्ष (**श्री त्रिलोकी नाथ चतुर्वेदी**) : वह कहते हैं कि बाद में जब रिपोर्ट आएगी तब बतायेंगे ... (**व्यवधान**)...

Thank you, Mr. Naidu. this is over.

SHORT DURATION DISCUSSION
Prevailing Situation in Bihar

विपक्ष के नेता (**श्री सिकन्दर बख्त**) : सदर साहिब, मुझे खुशी हैं कि मुझे कल बोलने का मौका नहीं, मिला इसलिए कि मैंने जब इबतदा में बिहार के मामलों में बहस हो उसके लिए चेयरमैन साहिबा को लिखा था तो उस समय मेरे जहन में यह था कि यह सियासी जमातों के दरम्यान रकाबत का मसला नहीं बनन चाहिए। लेकिन कल जिस कदर रद्दों-कद में यह मामला पड़ गया तो उसमें मुझे काफी तकलीफ हुई। लालू प्रसाद जी जब गिरफ्तार हुए थे तो मैंने यहां कहा था कि मैं सख्त रंजीदा हूं। उसी दौरान मैंने यह भी कहा था कि एक शख्स जो मरकजी में, जो जमात सरकार चला रही हैं उसका राष्ट्रीय अध्यक्ष था, बिहार का चीफ मिनिस्टर